



Kit Bond

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ECONOMIC DEVELOPMENT NEWS

Bond Says Stimulus Bill Good for Missouri Families, Farms, and Small Businesses

U.S. Senator Kit Bond hailed the final passage of the Jobs and Growth Tax Relief bill, which was signed into law in late May, as good news for Missouri families and small businesses.

The bill, now passed by both the House and Senate, will go to the President for his signature.

"The central economic problem is a business slowdown, with not enough jobs being created," said Bond. "I expect that this tax stimulus will benefit all taxpayers, but small business owners will be the primary beneficiaries. That is good news because most of the new jobs we create come from small business growth and this tax relief should directly stimulate small businesses to hire more people and purchase more equipment."

As Bond commented on, some of the most stimulative provisions in the bill are directed at the small business community. Currently, small businesses create more than 2/3 of net new jobs. If small businesses are able to retain more capital through income tax relief and spend that extra money on expanding business and hiring more workers, creating tremendous job growth.

The income tax rate reductions provides exactly this kind of relief for small businesses, as over 80% of small businesses pay taxes in the highest bracket. Once this bill becomes law, businesses can begin to plan for future growth and development by estimating the taxes they will save from this stimulus package.

"I commend the Senate and House conferees for their hard work in expediting a growth package for passage before

Memorial Day recess because it just might provide the kind of stability our markets need in these volatile financial times," said Bond.

Even though this tax bill is one of the largest passed in history, Bond stressed that even more needed tax relief is needed – specifically the permanent extension of Section 179 small business equipment expensing to \$100,000, so that small businesses can rely on that relief in the future. In addition, Bond is advocated to increase the amount of venture capital available to small businesses. He thinks this should occur by changing the code to permit tax-exempt organizations to invest in SBICs without the burdens of unrelated business taxable income (UBTI) record-keeping or tax liability. Most tax-exempt organizations will not invest in SBICs because of UBTI liability, thereby preventing greater access to an important source of capital for small enterprises.

Bond Launches New \$2.5 Million Pilot Project for Kansas City Economic Development

Senator Kit Bond on May 30th personally helped launch the Kansas City Engine for Economic Development (KCEED) Fund, a pilot-project aimed at spurring economic development in the urban core of Kansas City. Bond secured almost \$2.5 million for KCEED, which will provide direct economic help to local community leaders and non-profit groups committed to economic development throughout Kansas City.

"This new effort will get the right financial tools into the hands of the people and groups committed to the redevelopment of Kansas City's urban core," said

Bond, a long-time champion of such redevelopment efforts including the relocation of Federal IRS workers to the Old Post Office. "This is a great model for how we should work together at the local and federal levels."

Senator Bond secured almost \$2.5 million for the Applied Urban Research Institute (AURI) to coordinate the KCEED grant program. Local organizations can apply for KCEED grants to bolster their development efforts. The funds, administered by AURI, will be awarded to projects based on merit and their ability to attract private dollars for neighborhood development. Bond also announced that the Greater Kansas City Community Foundation has agreed to work with AURI to accelerate access to sustainable funds used to encourage and invest in urban development.

"We have strong areas of growth in the 18th & Vine Jazz District, the Brush Creek Corridor and Swope Parkway Health Center, Midtown, and the Blue Hills and Brooklyn Heights neighborhoods and KCEED can help us stitch those areas together into one big economic engine that promotes development," said Bond.

The idea for KCEED is based on Senator Bond's belief in local control and the ability of community leaders to determine the needs of a local community. An advisory board appointed by AURI will determine the recipients of KCEED grants. The following citizens have agreed to serve on the granting board:

- * Rev. Earl Abel, Pastor, Palestine Missionary Baptist Church,

- * Mr. Larry Jacob, Senior Vice-President of Community Investments, Greater Kansas City Community Foundation

- * Mr. Bill Nelson, Former President, Bank of America,

- * Mr. Bill Brown, President, Fannie Mae Partnership,
- * Ms. Mary Lou Jaramillo, Director, Mattie Rhodes Center, and
- * Rhonda Holman, Kauffman Foundation

Bond Announces Good News for Missouri's Renewable Fuels Industry and Rural Economies

U.S. Senator Kit Bond announced on May 6th the finalized USDA rule for the Commodity Credit Corporation (CCC) Bioenergy Program.

"This is good stuff for MO beans and corn. This program encourages the use of bioenergy, an arena in which our state continues to lead. Not only does this initiative bring us closer to achieving Missouri's first biodiesel production plant, it also encourages continued investments in ethanol facilities," said Bond, one of the renewable fuels industry's strongest advocates. "I commend the President and USDA for their hard work and positive outcome."

Created to increase production of domestic renewable energy sources, the BioEnergy Program provides cash incentives to ethanol and biodiesel producers. Increased production of renewable energy

not only strengthens the income of soybean, corn, and other producers and improves rural economies, it also decreases the United States' dependence on foreign oil.

The final rule for the Bioenergy Program includes three major changes that will benefit Missouri's renewable fuels industry:

- * The payment rate on new soy-based biodiesel production is raised in the final rule to the rate applied during the first two years of the program. The proposed rule significantly lowered the payment rate. This was a problem for soy-based biodiesel production due to current cost of production estimates. The problem in the proposed regulation will be remedied in the final regulation;

- * The payment rate for animal fat-based biodiesel production will be raised from the proposed rule;

- * Increased commodity purchases will remain the focus of the program, but existing base production will also be eligible for payments. That means that a facility will be compensated for increased production as well as base production. There will be a phase-out associated with the subsidization of base production levels. The compensation formula will be based on 50 percent of base production during 2003, 30 percent for 2004, 15 percent for 2005, and phased out completely in 2006.



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